

CITY OF BELLEVUE  
CITY COUNCIL

Summary Minutes of Extended Study Session

July 27, 2009  
6:00 p.m.

Council Conference Room 1E-113  
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Bonincontri, Chelminiak, Creighton, Davidson, and Lee

ABSENT: None.

1. Executive Session

Deputy Mayor Balducci called the meeting to order at 6:00 pm., and announced recess to Executive Session for approximately 10 minutes to discuss two items of potential litigation.

The meeting resumed at 6:10 p.m., with Mayor Degginger presiding. He noted there will be an additional Executive Session at the end of the meeting.

2. Oral Communications

- (a) Anita Skoog Neil, Meydenbauer Bay Neighbors Association, provided an overview of the Meydenbauer Bay Park planning process. She expressed concern that the Steering Committee has not listened to input from the Association, especially about the importance of keeping 100<sup>th</sup> Avenue open south of Main Street. Ms. Skoog Neil urged that public comment be allowed earlier in the July 28 Steering Committee meeting than currently planned, and that an opportunity for public comment be provided during the July 30 meeting as well. She submitted her comments in writing along with a copy of a memo that was previously provided to the Steering Committee.

3. Study Session

- (a) Council Business and New Initiatives

Councilmember Davidson noted his continuing interest in the Council scheduling a financial retreat, in part to address Sound Transit light rail planning within the larger context of the Capital Investment Program (CIP) Plan.

Mayor Degginger suggested that the budget discussions can also be scheduled during upcoming regular Study Sessions.

City Manager Steve Sarkozy reported that a discussion about the CIP Plan is scheduled for August 3.

Councilmember Chelminiak said he shares Councilmember Davidson's concerns. Noting the difficulty of scheduling a retreat with everyone's busy schedules, Mr. Chelminiak favors including the discussion during regular meetings. He requested that budget materials be provided to the Council well in advance to allow ample time for reading and studying the information before the discussions.

Responding to Councilmember Bonincontri, Mr. Sarkozy said it will be possible to dedicate an Extended Study Session to a financial discussion following Council's August recess.

Deputy Mayor Balducci recalled the Council's previous discussions regarding staff's proposed reallocations of CIP funds to a new project to conduct an analysis associated with East Link light rail planning. She encouraged transparency in identifying which projects are included within specific CIP Plans.

Councilmember Davidson clarified his concern about discussing the proposed budget reallocations without looking at the broader context of the overall CIP Plan.

Deputy Mayor Balducci recalled past discussions about the Pedestrian and Bicycle Plan. She expressed concern regarding the safety of certain bike lane configurations and would like further discussion before expanding their use. Mr. Sarkozy said staff will provide information to the Council.

Councilmember Lee explained that he has drafted a proclamation to show support for Bellevue's Iranian community, in light of the turmoil in Iran following its most recent election. He will circulate it for Council's consideration about whether to issue a statement of support.

(b) Regional Issues

(1) Cascade Water Alliance Regional Supply Planning Update

City Manager Steve Sarkozy introduced Chuck Clarke, Chief Executive Officer of the Cascade Water Alliance.

Mr. Clarke provided an update on Cascade's activities. In early October, Cascade will close an agreement with Puget Sound Energy regarding the purchase of Lake Tapps and associated infrastructure. In September, Cascade will submit an Environmental Impact Statement (EIS) on the associated water rights to the State Department of Ecology. Cascade has established an agreement with the Lake Tapps Homeowners Association regarding the ongoing functioning of the lake. Cascade is in discussions with Bonney Lake, Buckley, Auburn, and Sumner regarding water rights.

Mr. Clarke described Cascade's demand and supply planning including the model used to determine future demand and the impact of all forms of conservation including conservation programs, plumbing codes, rate impacts, and system operation improvements. Mr. Clarke explained that a three-stage supply evaluation utilizes screening to eliminate projects that are not feasible. A multi-criteria analysis is then used to evaluate projects, followed by a detailed infrastructure and financial evaluation of the highest ranked projects. Mr. Clarke said Cascade is working within the region to determine whether to delay the construction and implementation of the Lake Tapps water supply beyond 2024, and perhaps to 2050.

Responding to Deputy Mayor Balducci, Mr. Clarke said it is anticipated that alternative supply planning portfolios will be ready for presentation to the Cascade Board by October. In further response, Mr. Clarke said Cascade's analysis is designed to determine the best timing for the implementation of components of the transmission and supply system.

Responding to Councilmember Creighton, Mr. Clarke said the Lake Tapps water rights issue is expected to be resolved by November. The first step is for Cascade to submit an Environmental Impact Statement to the State Department of Ecology. The DOE will then issue a draft Record of Examination and provide a public comment period. Cascade has met with DOE staff a number of times. Mr. Clarke noted that agreements in place with the Lake Tapps Homeowners Association and the Tribes are helpful in this effort, and Cascade continues to negotiate with additional affected jurisdictions.

Councilmember Lee thanked Mr. Clarke for the presentation. Responding to Councilmember Lee, Mr. Clarke explained that Cascade's purchase of Lake Tapps creates the situation in which Seattle and Tacoma are willing to negotiate with the Cascade Water Alliance. Mr. Clarke acknowledged the challenge inherent in supply and demand planning, and noted that previous forecasts expected greater increases in demand than have occurred.

Responding to Mayor Degginger, Mr. Clarke confirmed that this region has relatively small reservoir capacity compared to other parts of the country.

Responding to Councilmember Bonincontri, Mr. Clarke said the 2004 Transmission and Supply Plan is considered a 20-year plan that is to be updated every six years. However, it makes sense to update the demand analysis every two to three years.

Mr. Clarke described 2008 conservation measures including the Wash Wise program, toilet and aerator replacements, pre-rinse spray head replacements, residential dye strip testing, and irrigation system audits and upgrades. This has resulted in a savings of 42 percent of the 2013 goal, and all members are on track to meet their adopted savings goals.

Mr. Clarke reviewed the 2010 preliminary budget, noting that the operating budget is approximately \$1 million larger than the 2009 budget due mainly to Lake Tapps operations and conservation rebates to members. Cascade is considering a multi-year budgeting and rate-setting approach beginning with the 2011-2012 time period. Additional changes to the 2010 operating

budget include added staffing for capital projects as well as budget credits through reimbursements from Seattle Public Utilities and a reduction in 2009 planning activity.

Member charges are expected to increase 7 to 7.5 percent annually through 2012, and 4 to 5 percent after 2012. However, member charges beyond 2010 depend on the outcome of the 2010 Transmission and Supply Plan update. Cascade anticipates submitting the budget to the Board in August, with budget adoption scheduled for September.

Mayor Degginger thanked Mr. Clarke for the presentation.

(2) Bellevue Jail Feasibility Analysis

Mr. Sarkozy opened discussion regarding the jail feasibility analysis.

Noting her employment with King County jail services, Deputy Mayor Balducci recused herself from participating in the discussion and temporarily left the room.

Diane Carlson, Director of Intergovernmental Relations, provided a brief update on the regional jail planning process. She recalled that the Council provided direction to staff in November 2008 to continue active participation in the North and East City Consortium planning process, and to also engage a consultant to evaluate the costs and benefits of operating a municipal jail alone or in partnership with another city. The City of Kirkland has expressed an interest in partnering with Bellevue. Staff will request Council approval on August 3 of a proposed consultant agreement to conduct a feasibility analysis of constructing and operating a city jail on the current City Hall site.

Ms. Carlson recalled that the North and East Consortium is comprised of Bellevue, Kirkland, Redmond, Seattle, and Shoreline. The group is evaluating six potential jail sites that would accommodate up to 640 beds. Five of the sites represent a municipal jail only, while one site could be a partnership option with King County. One site is in Bellevue; the others are in Seattle, Shoreline, and unincorporated King County. The draft Environmental Impact Statement (EIS) on the alternatives is to be issued in December, and public hearings will be held in January. The final EIS is slated for the second quarter of 2010. Space programming and cost information will be updated this fall. Ms. Carlson said King County's recently updated analysis indicates it will be able to offer jail beds to cities through 2015.

Responding to Councilmember Davidson, Ms. Carlson acknowledged the difficulty in forecasting demand for jail beds as it is affected by a number of often unpredictable factors.

Ms. Carlson explained that the City's consultant will help determine the feasibility and costs of operating its own jail. A request for proposals from consultants was initiated in April. Staff recommends hiring NBBJ to conduct the feasibility analysis. NBBJ will work with a firm that has expertise in jail construction and operations to conduct its analysis. The scope of work includes confirming jail needs, developing a cost analysis of current jail operations, and defining and evaluating alternatives for a jail on the City Hall site.

Responding to Councilmember Chelminiak, Ms. Carlson said the feasibility analysis will not address the potential for a court facility on the City Hall site. However, a jail facility might make sense in relation to the existing holding facility in City Hall. Councilmember Chelminiak expressed an interest in an analysis addressing the potential for courts on the site.

Responding to Councilmember Bonincontri, Ms. Carlson said the feasibility study will evaluate options representing Bellevue's and Kirkland's full and partial jail needs. Potential options include housing inmates with specialty needs (i.e., medical, psychological) in a separate facility. Kirkland currently operates its own small jail and would most likely continue to do so. Kirkland has also conducted an analysis of operating a larger facility on its own. The feasibility study proposed by Bellevue provides yet additional options for Kirkland to consider.

Councilmember Bonincontri expressed support for the consultant agreement to conduct a City jail feasibility analysis.

Mayor Degginger noted a consensus to proceed with the preparation of the agreement for Council action on August 3.

[Interruption in Agenda for Public Hearing]

(c) Public Hearing and Direction to Staff on Establishing a Local Revitalization Financing (LRF) Area

Bob Derrick, Director of Economic Development, explained that the purpose of tonight's Public Hearing is to provide an opportunity for comments regarding whether to implement the state's Local Revitalization Financing (LRF) program, as authorized by the 2009 state legislature. The proposed Ordinance to be presented for Council action next week would create a revitalization area (RA) for using increments of future property and sales tax along with a portion of the state's sales tax to partially fund the extension of NE 4<sup>th</sup> Street from 116<sup>th</sup> Avenue NE to 120<sup>th</sup> Avenue NE.

Applications may be submitted beginning September 1, and will be reviewed and approved in the order in which they are received. The state Department of Revenue has not issued the rules, requirements, application form, or approval criteria for the LRF program.

Mr. Derrick said approximately five jurisdictions continue to express an interest in applying to the program. Jurisdictions opting out are King County, including its Flood Control District and Ferry District, the King County Library System, and the Port of Seattle. Sound Transit, the State, and school districts are exempt from the program.

Responding to Councilmember Lee, Mr. Derrick said the program will provide tax revenues to Bellevue that are currently going to the State.

Councilmember Chelminiak commented that no new taxes will be collected. However, more tax revenue will stay in Bellevue. Mr. Derrick concurred and clarified that the program earmarks future tax increments for a specific projects. The benefit of the program is to obtain a portion of the State's revenue.

Responding to Councilmember Davidson, Mr. Derrick said state law mandates that the infrastructure projects be completed in conjunction with other development. In further response, Mr. Derrick said the RA cannot be larger than 25 percent of the assessed valuation of the jurisdiction.

Responding to Councilmember Bonincontri, Mr. Derrick said the base year for the purpose of calculating tax revenue is the year in which the infrastructure project is approved. Property taxes are limited to new construction, while sales tax is based on all sales within the RA district. Jurisdictions are not allowed to start issuing bonds under the program until 2011.

- Deputy Mayor Balducci moved to open the Public Hearing, and Councilmember Chelminiak seconded the motion.
- The motion to open the Public Hearing carried by a vote of 7-0.
- (1) Mr. Derrick read Carolyn Maxim's emailed comments into the record. She questioned whether 120<sup>th</sup> Avenue NE will be expanded to handle traffic flow to and from NE 4<sup>th</sup> Street, and whether the proposed RA is to be considered part of the urban core. She stated her understanding that the Central Business District is located west of I-405. Why are businesses in the area, or to be there, asked to pay up to 75 percent of the cost of a road extension that presumably will affect the downtown property owners, workers, and others? If the Council approves this action, will it designate funds to mitigate the impacts of NE 4<sup>th</sup> Street's expansion on the Wilburton neighborhood? Ms. Maxim expressed concern that NE 5<sup>th</sup> Street (between 120<sup>th</sup> Avenue NE and 124<sup>th</sup> Avenue NE) will attract cut-through traffic. Other potential impacts include noise and the loss of mature trees.
- (2) Matthew Baker, Perkins Coie, spoke on behalf of Best Buy and expressed their ongoing concern that the NE 4<sup>th</sup> Street extension project will result in the taking of the Best Buy property. Best Buy has been unable to find a suitable alternate location for its Bellevue store, which is one of its most profitable stores. If forced to relocate, Best Buy will seek all legally available compensation and relocation expenses. Mr. Baker asked the City to consider the loss of retail sales tax revenue to occur if Best Buy moves outside of Bellevue. He noted that Best Buy would like to be included in the ongoing planning of the NE 4<sup>th</sup> Street project.
- Seeing no one else wishing to speak, Deputy Mayor Balducci moved to close the Public Hearing. Councilmember Chelminiak seconded the motion.
- The motion to close the Public Hearing carried by a vote of 7-0.

Mr. Derrick requested direction to staff to prepare the Ordinance for Council consideration next week, and to prepare and file the application on September 1 with the state Department of Revenue.

Noting Best Buy's comments, Councilmember Davidson clarified that the ultimate design of the NE 4<sup>th</sup> Street project is a separate issue from the creation of a Revitalization Area.

Mayor Degginger noted a Council consensus to proceed.

Deputy Mayor Balducci supports the current proposal, and agrees that the interests of residents and businesses will be included in the future project planning process.

Councilmember Chelminiak asked staff to review whether it would make sense to extend the RA north to NE 12<sup>th</sup> Street from the Wilburton area. He recalled past discussions in which the Council talked about revisiting land uses in this specific area depending on the ultimate location of Sound Transit light rail stations.

Councilmember Davidson questioned the subarea boundaries and whether they can overlap.

Mayor Degginger asked staff to provide clarification around this issue before next week. Responding to Mr. Degginger, Mr. Derrick said the RA can overlap with an area designated as a local improvement district (LID). However, there are some districts that cannot overlap with a RA.

Responding to Councilmember Chelminiak, Mr. Derrick explained that due to the public notice and hearing requirements, as well as the September 1 deadline, there is not sufficient time to consider changing the boundaries of the proposed RA.

Mr. Sarkozy said staff will provide as much information as is available regarding the State's new LRF program as soon as possible this week.

At 8:00 p.m., Mayor Degginger declared a brief recess. The meeting resumed at 8:06 p.m.

[Agenda Item 3(b), Regional Issues, Resumed]

### (3) King County Metro Transit Principles

Diane Carlson, Director of Intergovernmental Relations, referred to page 3-9 of the meeting packet and recalled the May presentation from King County Metro staff regarding their budget.

Kim Becklund, Transportation Policy Advisor, directed Councilmembers to the most recent version of the Draft Transit Reform Principles, which was provided in the Council's desk packet.

Mayor Degginger expressed support for the principle to convert all or a portion of King County passenger-only ferry resources to bus transit, as buses provide a core service throughout the county.

Councilmember Chelminiak stated that if Metro does not have the authority to redirect property taxes from ferry services to bus transit services, King County Metro should seek that authority through voter approval. Ms. Becklund clarified that the reform principles propose reducing the property tax collected for ferry service and imposing a new property tax to support bus transit. There would be a net neutral impact on taxpayers.

Responding to Councilmember Davidson, Ms. Becklund said bus transit currently receives only sales tax revenues. Dr. Davidson questioned whether property taxes should be used for any transit services.

Deputy Mayor Balducci said the Eastside Transportation Partnership supports principles similar to those proposed by Bellevue including the concept that Metro should avoid service cuts, and should use only excess capital fleet reserves toward that end. Metro should continue to seek efficiencies to avoid future budget shortfalls. There was strong support at ETP for converting all or a portion of passenger-only ferry resources to bus transit.

Continuing her comments on the draft principles, Ms. Balducci suggested adding a reference to the 40-40-20 subarea equity principle with regard to restoring service suspensions or cuts. Under the section of long-term principles, Ms. Balducci suggested stating that any changes in long-term funding sources should be approached with caution and consistent with public input.

While he supports redirecting ferry resources to bus transit for the short term, Councilmember Chelminiak clarified that he does not support the use of property tax revenues for transit services as a long-term strategy.

Councilmember Lee concurred with including a reference to the 40-40-20 subarea equity policy as the basis for restoring any service reductions.

Deputy Mayor Balducci clarified her understanding that the transit reform principles assume following the 40-40-20 subarea equity policy unless something different is proposed by Metro.

Mayor Degginger expressed concern that once service has been cut, the restoration of transit services will instead be treated as a new service. Ms. Carlson explained that King County Metro's current approach treats service cuts in the same manner as service allocations, while services are restored according to Metro's service add policy.

Ms. Becklund said a concern is that service cuts would not be restored. She said this provides the opportunity to encourage discussions about linking land use and transit decisions.



Mayor Degginger expressed support for the Draft Transit Reform Principles, which he feels capture a certain level of fairness as well as invite discussion about the need for bus transit to adequately and appropriately serve metropolitan centers.

Responding to Mr. Lee, Ms. Becklund explained that the purpose of the last long-term principle is to encourage cooperative planning efforts between Metro and Sound Transit, which serve different markets. Councilmember Creighton suggested naming the Vision 2040 plan specifically when referring to the long-term growth vision.

Ms. Becklund said she will revise the principles based on Council's discussion and redistribute the document for review.

#### (4) Legislative Update

Ms. Carlson provided a brief state legislative update. The legislative work group created by the SR 520 tolling bill will meet for first time next week. A list of the members is provided in the meeting packet [Pages 3-14 and 3-15]. The group is tasked with identifying a west side alternative agreeable to all parties, and with developing a funding plan for the alternative. Ms. Carlson said the State Department of Transportation has indicated it must make a decision in the spring in order to move forward with construction of the bridge portion.

Ms. Becklund provided an update on the I-405 HOT Lanes Corridor Study. The committee has been asked to prepare a traffic and revenue study for I-405 that looks at how to fund improvements using proceeds from HOT lane tolls. In addition, the group is to develop scenarios and ultimately a plan to be forwarded to the state legislature in January. Ms. Becklund noted that Mayor Degginger serves on the Executive Advisory Group, and Transportation Director Goran Sparrman serves on the interagency staff group associated with this effort.

Ms. Becklund responded to questions of clarification. Mayor Degginger asked her to distribute updated information to the Council.

4. Discussion of Upcoming Items: None.

5. Executive Session

At 8:37 p.m., Mayor Degginger declared recess to Executive Session for approximately 45 minutes to discuss two items of potential litigation.

The Executive Session ended at 9:32 p.m., at which time the meeting was adjourned.

Myrna L. Basich  
City Clerk

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